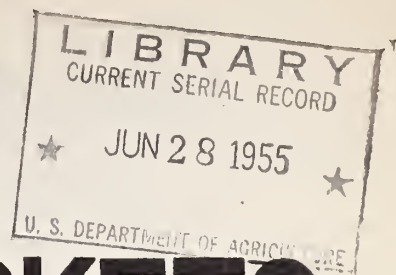


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Foreign CROPS AND MARKETS



(FOR RELEASE MONDAY, JUNE 13, 1955)

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON 25, D. C.

PARAGUAY TO IMPORT
ADDITIONAL U.S. CATTLE

Ranchers in Paraguay will make additional importations of Santa Gertrudis cattle from the United States this year, according to the Foreign Operations Administration.

The Santa Gertrudis is a new breed in Paraguay. The first importations were made in 1952 under a Point 4 mission. In December 1954 a second importation was made by the Ministry of Agriculture and 6 ranchmen with dollars provided by the Bank of Paraguay. Anticipated additional importations will be made by private interests acting through the Ministry of Agriculture and the Bank of Paraguay. The original importations, together with an artificial insemination program conducted by the Point 4 mission, have created a strong interest in this breed by cattlemen.

AUSTRALIAN "AIR-BEEF"
SUBSIDY CONTINUES

The Commonwealth of Australia has doubled its subsidy to Air Beef Inc., to offset most of the subsidy withdrawn by the State of Western Australia. Air Beef flies chilled beef from a slaughter plant in the Kimberleys in Western Australia to the port city of Windham for export. (See Foreign Crops and Markets, October 11, 1954).

The subsidy for all beef transported by air during 1955 paid by the Commonwealth Government will be more than 2 cents per pound, or double the previous rate. The withdrawn subsidy of the State Government of West Australia amounted to about $1\frac{1}{2}$ cents per pound. (Cont'd., opposite page.)

FOREIGN CROPS AND MARKETS

Published weekly to assist the foreign marketing of U. S. farm products by keeping the nation's agricultural interests informed of current crop and livestock developments abroad, foreign trends in production, prices, supplies and consumption of farm products, and other factors affecting world agricultural trade. Circulation is free to persons in the U. S. needing the information it contains.

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The Cabinet decision to increase its payment was the result of a favorable interim report of a recently appointed Commonwealth Air Beef Panel. The payments are to be extended until the first of 1956; at which time the Panel will have had the opportunity to fully assess the future possibilities of this experiment.

The Australians are greatly interested in this project, as it presents an opportunity to increase exports of chilled beef and to assist ranchers in areas far removed from surface transportation to market their cattle efficiently.

U.S. IMPORTS OF MEAT DECLINE DURING 1954; EXPORTS DROP

United States imports of meat declined slightly during 1954, with larger imports of pork not quite offsetting reduced imports of beef. Total meat imports amounted to 303 million pounds (product weight), compared with 312 million during 1953, and the record entry of 384 million pounds during 1951.

Exports of meat from the United States declined more than one-fifth during 1954 from the 1953 total of 127 million pounds (product weight). There was a substantial decline in exports of pork during the year, and beef exports were off moderately.

Smaller imports of beef largely reflect the beef supply situation in the United States. From 1951 to 1954 domestic beef production increased from 8.8 billion pounds to establish a new record total of almost 13 billion. Per capita consumption during this period rose from 55 pounds to 79 pounds. Prices of cattle and beef in the United States reached record high levels during 1951, but declined substantially during the following 2 years as domestic production of beef increased sharply. With the decline in beef prices there was much less incentive to import beef, and the imports have fallen off as a result of the larger supplies.

The largest part of the beef imported is canned; mostly canned corned beef from Argentina, Uruguay, and Brazil. No canned corned beef is produced in the United States in consumer-size cans. Domestic processors get more for beef suitable for such processing if sold as bulk, or loose corned beef, or if prepared in other ways.

Imports of pork continued at record high levels during 1954. The imports were principally fresh and frozen pork from Canada and canned hams from the Netherlands, Denmark, Poland, Canada, and West Germany.

Large imports of pork in part also reflect the pork supply situation in the United States. From 1951 to 1954 pork production in the United States declined from 11.5 billion pounds to 10 billion; and per capita consumption on the average went down from 71 pounds to 60 pounds. Pork output during early 1955 was materially greater than a year earlier, and total output for the year as a whole will be above 1954. (Cont'd. next page. See table, p. 693.)

The pork supply situation in the United States indicates a reduction in imports of pork, but the export policies of the principal exporters of hams--Denmark, the Netherlands, Germany, and Poland--encourage exports. (see World Hog Numbers 1954 and 1955, FLM 1-55; May 5, 1955, and "Germany Plans to Push Exports of Canned Meats", bottom of this page.)

Beef exports during 1954 were below a year earlier, largely because of smaller exports to Greece and Western Germany, which had been financed under United States Government aid programs.

The smaller pork exports during 1954 largely resulted from smaller shipments of fatback to the Netherlands and Western Germany.

Restrictions on imports of United States pork products, because of the presence of Vesicular Exanthema, are sharply restricting exports. Canada, Venezuela, Jamaica, Trinidad, Barbados, British Guiana, and British Honduras are among the markets for United States pork products which restrict imports from the United States for this reason. Vesicular Exanthema quarantines are now in effect for premises in parts of 6 States--California, Connecticut, Massachusetts, New Jersey, New York, and Rhode Island--and none of these areas are large hog producers. Hogs from the quarantine areas are slaughtered and processed in such a way that the pork products will not be carriers of the VE virus, either if eaten in the United States or exported. VE affects only hogs and is not transmissible to humans. (See table, opposite page.)

GERMANY PLANS TO PUSH EXPORTS OF CANNED MEATS

Increased efforts to promote sales of German meat products in the United States and other parts of the world have been announced by the Ministry of Food, Agriculture, and Forestry of the Federal Republic of Germany.

It is planned under Government sponsorship to publicize the quality of German meat products through special displays and advertising booths in the United States. In addition, official sponsorship is to be given to information booths at trade fairs in other potential markets: Lyon, France; Bari, Italy; Santiago de Chile, Chile; Madrid, Spain; Stockholm, Sweden; Mexico City, Mexico; Addis Ababa, Ethiopia; and Zagreb, Yugoslavia.

Germany has experienced difficulty in preparing meat specialties for export at competitive prices because of artificially high domestic production costs. In recent years the procedure was to process, under customs supervision, for export hams and shoulders from hogs imported from Poland and other countries. This procedure was replaced by the payment of export subsidies under the so-called "soft goods arrangement." (Cont'd. p. 694.)

UNITED STATES: Foreign trade in meat, 1949-1954

(Product weight basis)						
Item	1949	1950	1951	1952	1953	1954
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
IMPORTS						
Beef and veal:						
Fresh, chilled or frozen beef	76,627	61,753	86,714	71,971	26,692	7,520
Fresh, chilled or frozen veal	6,683	9,533	7,298	98	447	1,046
Canned beef	72,311	124,621	153,904	120,181	100,098	85,244
Pickled and cured beef	1,621	3,009	65,093	60,519	12,796	23,234
Boneless beef 1/	13,400	11,200	11,139	31,528	20,066	8,646
Total beef and veal	170,642	210,116	324,148	284,297	160,099	125,690
Pork:						
Fresh, chilled or frozen	593	3,774	9,833	3,185	36,651	44,746
Hams, shoulders and bacon 2/	2,029	26,657	37,622	57,193	106,106	112,574
Other pickled or salted	264	923	941	969	2,524	12,404
Sausage except fresh	3/	311	557	664	745	603
Total pork	2,886	31,665	48,953	62,011	146,026	170,327
Lamb and mutton:						
Fresh, chilled or frozen	3,656	3,393	6,736	6,156	3,123	2,067
Other canned meats or prepared or preserved meat: 4/	6,370	611	909	28	3,219	4,613
Total meat imports	183,554	253,783	383,746	356,591	312,467	302,697
EXPORTS						
Beef and veal:						
Fresh or frozen	4,168	3,015	1,770	3,077	14,898	13,015
Canned	3,584	2,144	2,084	1,297	10,931	6,287
Pickled or cured	11,852	11,360	7,753	10,360	13,090	14,516
Total beef and veal	19,604	16,519	11,607	14,734	38,919	33,818
Pork:						
Fresh or frozen	14,285	4,420	16,306	11,845	6,517	5,293
Hams and shoulders, cured or cooked	6,146	9,047	11,165	12,967	10,753	11,010
Bacon 5/	11,551	27,723	39,814	41,215	7,154	4,675
Other pork, pickled, salted or otherwise cured	20,515	12,243	10,023	24,862	50,685	27,538
Hams and shoulders, canned	3/	3/	3/	2,327	1,296	933
Other pork, canned	7,152	4,825	4,942	3,540	3,003	3,445
Total pork	59,649	58,258	82,250	96,756	79,408	52,894
Lamb and mutton: (except canned)	787	334	207	374	1,313	827
Sausage, bologna and frankfurters:						
Except canned	1,192	1,011	1,118	1,188	1,368	1,417
Canned	3,675	1,864	4,154	3,293	3,475	6,413
Sausage ingredients, cured, Excl. canned	2,401	1,464	439	6/	6/	6/
Meat and meat products, canned n.e.c.	6,652	3,959	2,947	1,329	2,270	4,116
Baby food, canned	3/	3/	3/	322	395	404
Total meat exports	93,960	83,409	102,729	117,996	127,148	99,889
Horsemeat (all kinds)	33,074	15,040	21,957	19,733	17,072	16,328

1/ Includes estimated amounts erroneously classified as other canned meats or prepared or preserved meat. 2/ Including canned.
 3/ Previously included in another category. 4/ Excludes estimated amounts of boneless beef which are included with beef and veal as noted in footnote 1. 5/ Includes Cumberland and Wiltshire sides. 6/ Not separately classified.

Foreign Agricultural Service. Compiled from official records of the Bureau of the Census. June 2, 1955.

(GERMANY PLANS...Cont'd. from p. 692.) On January 1, 1955, canned hams were removed from the "soft goods arrangement" system and exports are now being subsidized from the proceeds of "skimming" imports of grains. If this procedure meets with opposition in international quarters, it is administratively possible to supply lower priced imported grain to domestic hog producers.

Germany exported 19 million pounds of canned ham and bacon during 1954, and most of it was shipped to the United States. Smaller quantities were sent to the United Kingdom and relatively small amounts to Venezuela and a few other countries. Exports of other canned meats amounted to 2 million pounds. United States imports of hams, shoulders, and bacon, mostly canned hams, from Germany during 1954 totaled 15.5 million pounds, compared with 13.1 million a year earlier and 3.6 million during 1952.

It will be difficult to increase United States exports of meats, edible offals, lard, fatback, and casings to Western Germany during 1955 according to John J. Haggerty, Agricultural Attache, the American Embassy, Bonn. A new record high in hog slaughter this year is expected of around 17 million head, 2.5 to 2.8 million more than during 1954. The increased pork output is conservatively estimated at 440 million pounds. Although the Ministry intends to limit imports of live hogs, such imports from Holland, Denmark, Belgium, and Sweden under previous agreements may be equivalent to 33 million pounds of pork. Renewed efforts will be made by Germany to increase exports of slaughter hogs and young pigs to France, Italy, and the Saar Territory.

PUBLICATIONS RELATING TO U.S. FOREIGN AGRICULTURAL TRADE

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World Sugar Production for 1954-55 Sets New Record. Foreign Ag. Circ. FS-3-55.

World Sheep Numbers 1954 and 1955. Foreign Ag. Circ. FLM-5-55

The Belgian Tobacco Market. Foreign Ag. Circ. FT-27-55

Production and Exports of Yugoslav Tobacco Expected to Increase. Foreign Ag. Circ. FT-28-55

World Horse Numbers in 1954 and 1955. Foreign Ag. Circ. FLM-6-55

AUSTRALIA MAY NEED MANY KINDS OF U.S. SEEDS

The Australian demand for U.S. seeds can be expected to expand as the benefits of present research become evident to the producers, according to a report from W. H. Youngman, Seed Marketing Specialist, Foreign Agricultural Service, U. S. Department of Agriculture, who is now studying the seed markets of Southeast Asia, Australia, and New Zealand.

Australia is a major livestock-producing country whose resources are still being developed through well organized research studies of forage crops. Current studies indicate that by replacing part of their native forage plants (which are low in food value and have a very small "carrying capacity" even in the higher rainfall areas) with the more desirable species, the numbers of livestock per acre can be increased several fold.

A number of the forage crop seeds normally available in the U.S. are included in their studies; perhaps some of them will be used as Australian livestock men adopt the recommended pasture mixtures.

Over the years, Australia has furnished much of the requirements of American farmers for subterranean clover and Dallisgrass seed as well as other seeds of less important kinds. Current supplies of subterranean clover are ample and prices are substantially below a year ago, while the current harvest of Dallisgrass is short and prices are much higher than during the previous season.

Australian seed quality standards, which are similar to those in the U. S., are enforced by the States and apply to all seeds offered for sale. Imported alfalfa and uncertified orchard grass seed must be stained. All imported seeds are checked for diseases and insects by the State laboratories. Australia has rather strict quarantine regulations. Under their regulations, seeds of a number of crops, including corn, sorghum, soybeans, flax, peanuts, tobacco, the cereals, tomatoes, and beans may not be imported except by special permit and under carefully controlled conditions.

Australian seedsmen are well acquainted with American kinds and varieties of flowers, vegetables, and field crops, but with Australia's wide variation in climate, soils, and elevation, many kinds and varieties of seeds are required. Drought tolerance, however, seems to be the most common problem, because the rainfall in most areas is distinctly seasonal. Hardiness is seldom important, as freezing temperatures are usually of short duration over much of the country.

Australia produces and harvests a number of seed crops in addition to the subterranean clover and Dallisgrass. The Hunter River alfalfa, Irrigation White clover, and Wimmera ryegrass are selections which seemingly are better adapted to Australia's conditions than the varieties in commerce. (Cont'd., next page.)

Vegetable seeds are also grown in several parts of Australia, but with few exceptions are not grown in sufficient quantities to supply the domestic demand. Certified bean seed and certified seed potato production are guided and assisted by the State Departments of Agriculture. Hybrid corn and hybrid popcorn production has attained some volume, but even with these strides Australia could use more high quality, disease-free seed. The dollar shortage is a deterring factor.

NEW ZEALAND BOTH IMPORTER
AND EXPORTER OF SEEDS

White clover supplies in New Zealand are small and prices are at record high levels. Production of Chewings fescue and brown top are more nearly normal and are moving slowly. Farmers are reported holding these seeds for better prices. Ryegrass seed is in short supply because of the dry summer, and the exportable surpluses, if any, are small.

Imports of orchard grass, timothy, alfalfa, subterranean clover, and chou mollier are needed to meet planting needs. The Department of Agriculture, however, gives consideration to the country of origin as a means of insuring their adaptability to New Zealand.

Imports of vegetable and flower seeds, because of the limited domestic production, are freely permitted. Hybrid seed corn is used to a very limited extent, and the Department imports crosses for local production of the hybrid seed needed.

New Zealand is primarily a pastoral country and all agencies are seeking ways of improving the forage resources. Many comprehensive research studies are being carried on to improve existing varieties and species of forage plants as well as to study the many kinds imported from other countries. Perhaps some of those obtained from the United States will be incorporated in the recommended plantings for the higher and drier areas still to be developed. There are vast areas of "tussock" land carrying only a fraction of a ewe per acre, which is extremely low when compared to the "stocking rates" for the highly developed older areas. However, it is those older areas where the ryegrass, orchardgrass and white clover do so well and produce an abundance of feed during most of the year. Much of New Zealand has a cool, moist, temperate climate.

The quality of seeds both for domestic trade and for export is very good even though New Zealand does not have a seed law. The Government Seed Testing Station handles from 40,000 to 60,000 samples each year, and the merchants freely advise the farmers as to the quality of the seeds bought and sold.

Imported seeds are carefully checked for diseases and insect pests. Modern fumigating plants at import points are available for treating seeds. However, the careful supervision of import permits by the Department of Agriculture is probably most effective in preventing imports from infested areas.

WORLD RICE CROP SECOND LARGEST ON RECORD

World ¹/₁ rice production in 1954-55 (August-July) is now estimated at 261,200 million pounds, or 4.4 percent, less than the record harvest of the year before, according to the third estimate of the Foreign Agricultural Service. The 1954-55 crop is the second largest on record and 17 percent above the postwar (1945-46/49-50) average.

Rice production in Asia is down sharply from last year's large crop, and Europe's harvest is less. Output increased again in Africa and North America, and early indications point to a moderate increase in South America. A preliminary estimate of Oceania's crop is slightly less than a year earlier.

World rice harvested acreage is estimated at only 2 percent less than in 1953-54. In most areas the general upward trend in rice acreage continued in 1954-55; but unfavorable weather in some producing areas of Asia and South America prevented planting of all the intended acreage. Rice acreage in North America, Europe, and Africa reached a record level in 1954-55 and has increased every year since 1951-52; in South America acreage was down somewhat as dry weather prevented planting of some of the intended acreage.

Asia's land in rice during 1954-55 equals 90 percent of the world total, and the harvest, approximately 88 percent. Acreage was maintained or increased in Asian countries where climate permitted. Unfavorable weather; however, in India; Pakistan; Indochina, Thailand, the Philippines, Taiwan; and Malaya prevented sowing or resowing of large areas in rice. Yields per acre in Asian countries generally are from average to above-average; though not so high as in 1953-54.

Despite heavy floods in some areas of India and Pakistan, the rice acreage of these countries was the second largest on record; exceeded only by that of the year before. The per-acre yield in India was above average, but that of Pakistan was below. Production in both countries exceeded the relatively good crops of 2 years earlier.

Rice acreage increased in Japan; and production increased considerably above the poor crop of 1953, even though yields were below average. Korea maintained the large rice acreage of the year before; and production is reported to have increased. Taiwan's acreage and crop harvested in September were at a record level; but lack of water early this year prevented all the April crop from being sown; therefore Taiwan's crop will be less than the previous year's record.

(See table, pp. 698 and 699. Text continues, p. 700.)

Note: This third estimate of the 1954-55 crop is approximately the same as the second estimate (Foreign Crops and Markets, March 21, 1955), but recent crop revisions raise by 2 percent the estimate of world production in 1953-54.

¹/₁ Excluding Communist China, North Korea, and the Soviet Union.

ASIA (Continued)

Pakistan 2/	21,601	22,481	23,016	24,535	23,700	1,245	1,159	1,190	1,254	1,181	26,891.9	26,064.4	27,398.4	30,774.5	28,000.0
Philippines Islands 3/	4,909	6,388	6,561	7,216	6,986	992	977	1,056	972	964	4,872.0	6,238.7	6,931.4	7,015.8	6,736.2
Taiwan (Formosa)	1,638	1,955	1,931	1,947	1,798	1,829	2,270	2,339	2,597	2,572	2,996.7	4,438.4	4,515.5	5,055.5	4,625.0
Thailand	10,214	14,174	12,677	14,562	13,700	1,173	1,139	1,148	1,242	1,131	11,978.4	16,149.6	14,555.0	18,090.0	15,500.0
Total 5/	159,777	170,519	172,044	179,926	175,657	-	-	-	-	-	200,086.5	212,455.5	228,207.1	243,776.3	230,242.5

SOUTH AMERICA

Argentina	102	139	151	155	155	2,674	2,758	2,837	3,019	2,903	272.7	383.4	428.4	468.0	450.0
Bolivia	30	49	37	41	45	1,467	1,521	1,449	1,512	1,422	64.0	59.3	53.0	62.0	64.0
Brazil 3/	4,290	4,628	5,000	5,750	5,600	1,423	2,196	2,183	2,107	2,286	6,105.7	6,461.9	6,300.0	7,075.0	7,200.0
British Guiana	97	114	153	140	150	2,343	2,183	1,856	2,107	2,333	227.3	248.9	283.0	295.0	350.0
Chile	79	62	78	72	74	2,578	2,845	2,618	2,619	2,824	203.7	176.4	204.2	188.6	209.0
Colombia	300	391	408	420	425	1,342	1,407	1,437	1,429	1,459	402.6	550.0	586.4	600.0	620.0
Ecuador	203	147	200	165	150	1,768	1,739	1,750	1,515	1,733	359.0	255.7	350.0	250.0	260.0
Paraguay	14	25	25	25	28	2,043	1,852	1,876	1,412	1,786	28.6	46.3	41.9	35.3	50.0
Peru	120	146	163	161	127	3,022	3,873	3,834	3,430	3,661	362.6	565.5	625.0	552.3	465.0
Surinam	41	47	49	50	-	2,490	2,706	2,435	2,542	-	102.1	127.2	119.3	127.1	-
Uruguay	29	32	33	41	43	2,855	3,250	3,509	3,105	3,605	82.8	104.0	115.8	127.3	155.0
Venezuela	50	83	97	114	155	1,100	1,145	1,134	1,123	1,387	55.0	95.0	110.0	128.0	215.0
Total	5,355	5,853	6,394	7,134	7,002	-	-	-	-	-	8,246.3	9,073.8	9,218.7	9,908.8	10,163.2

AFRICA

Belgian Congo	342	402	406	432	-	813	930	958	915	-	278.0	374.0	389.0	395.2	-
Egypt	732	507	388	439	633	3,347	2,696	2,937	3,274	3,994	2,450.3	1,366.7	1,199.6	1,437.5	2,464.6
French Morocco	1	5	9	16	16	700	3,400	3,500	3,994	3,562	0.7	17.0	31.5	63.9	57.0
Madagascar	1,431	1,668	1,725	1,750	-	1,176	1,350	1,310	1,429	-	1,682.5	2,252.2	2,260.0	2,500.0	-
Total	7,110	7,445	7,526	7,773	7,915	-	-	-	-	-	7,919.3	7,381.3	7,743.7	8,602.9	9,321.8

OCEANIA

Australia	31	36	35	39	39	4,042	3,556	4,757	4,382	4,359	125.3	128.0	166.5	170.9	170.0
Fiji	32	35	36	-	-	1,609	1,563	1,725	-	-	51.5	54.7	62.1	-	-
Total	98	107	107	113	111	-	-	-	-	-	212.5	221.7	268.6	271.9	267.0

World total 5/ 175,277; 187,660; 189,943; 199,176; 195,185; -; -; -; -; -; -; 223,240.8; 238,736.9; 255,362.8; 273,319.6; 261,218.6

1/ Crops harvested in Northern Hemisphere during the latter part of the year, together with those harvested in Asia principally from November to May, are combined with crops harvested in Southern Hemisphere countries during the first part of the following year. 2/ Preliminary. 3/ Planted acreage. 4/ Estimates for Center and North Vietnam included in world totals only. 5/ Excluding Communist China, North Korea, and U.S.S.R.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, reports of United States Foreign Service officers, results of office research, and other information.

(WORLD RICE CROP...Cont'd. from p. 697.) Indications are that total production of the two principal exporting countries of Asia, Burma and Thailand, is down about 1,500 million pounds of rough rice (450,000 metric tons milled) from the year before. Rice from Burma's crop reportedly is appearing on the market in larger quantities than anticipated, and subsequent crop revisions may be upward.

Offsetting this increase in exportable supplies is a reduced harvest in Thailand, where drought not only prevented sowing of all the planned acreage, but also retarded the crop. Final movement to market may prove the output to be smaller than presently indicated.

Drought in Cambodia and Laos, Indochina, resulted in a serious decrease in rice production. The acreage of South Vietnam is reported about the same as in 1953-54, and good yields have been reported. Export supplies available from that area are reduced by needs in Cambodia and by an increase in domestic needs as a result of a large number of immigrants from North Vietnam.

Rice acreage in Europe, nearly 900,000 acres, showed a continued expansion, having increased 20 percent from 1951-52, and 76 percent from the postwar average. Unfavorable weather in some countries reduced the crop below last year. In Spain, floods early in the season destroyed a large part of the rice area. Italy harvested a record acreage, but the crop is reported to be less than last year. Sowing of all the intended acreage in France was not possible, and per-acre yields declined from recent years. Acreage in Portugal and Greece was maintained at a high level, and record crops were harvested.

Reports indicate that rice acreage in Africa is being increased in many countries; though statistics for most areas are unavailable. Water supplies in Egypt from the Nile River made possible the planting and harvesting of the largest crop since 1950. Weather was favorable for rice production, and record yields per acre were harvested. Indications with respect to Madagascar's crop are that Government plans envisage acreage increases in some areas, but that weather this year limited production. The harvest, therefore, probably is smaller than the bumper crop of 1953-54.

Total rice acreage in the Western Hemisphere is estimated at 10,500,000 acres compared with 10,400,000 the year before, and with an average of 7,800,000 acres in the postwar average period. Average acreage in the prewar (1935-36/39-40) period was 4,400,000 acres. An increase of more than 200,000 acres in North America this season was partly offset by a decline in the total acreage of South America.

The record production of 1954-55 in the Western Hemisphere of 17,600 million pounds of rough rice compares with 16,800 million pounds in the year before, and with the postwar average of 12,820 million pounds. Both North America and South America have record crops. Prior to World War II (1935-36/39-40) an average of 6,800 million pounds was produced annually in the Western Hemisphere.

The principal gain in the acreage of North America was in the United States, where rice area increased 276,000 acres, or 13 percent, and near-record yields per acre resulted in the largest crop in history. Tentative estimates of Cuba's crop show some increase in acreage. However, poorer yields than earlier expected from the second crop resulted in the total harvest being down from the year before.

Though Mexico's acreage in rice was not so large as in 1953-54, the yields per acre are the highest in several years, and a near-record crop was harvested. A marked increase in rice acreage occurred in the Dominican Republic, and a record crop was produced in that country.

Weather was unfavorable for production, however, in Panama, Costa Rica, Honduras, and British Honduras. Nicaragua decreased rice acreage sharply, and even though yields were favorable, the harvest was less than half of the preceding year.

Dry weather in central Brazil again prevented the planting of all the intended acreage. Although it is too early in the season to know definitely the amount harvested, present indications point to a per-acre yield not quite so low as in the 2 preceding years. This would result in a larger production than last year, and if yields were to approach average or better, a still larger crop would be produced. The decrease in output of recent years has occurred in central and northern Brazil, where the crop is un-irrigated. Production in Rio Grande do Sul, the State from which rice is exported in surplus years, is forecast at approximately 1,900 million pounds of rough rice, or about the same as the preceding year's record crop. This compares with the previous record of 1,634 million pounds 2 years earlier, and a postwar average of 1,250 million pounds. In recent years the increased amount that usually would be available for export has been shipped to central Brazil, especially Sao Paulo, where droughts have restricted production.

Rice output increased this year in the other countries of South America except Peru, and possibly Argentina and Surinam, where upward crop revisions may be reported later. The largest increase occurred in Venezuela, where a combination of Government projects to increase the crop and exceptionally favorable weather for rice growing resulted in a very large gain in production.

Record acreages and production are reported also in Bolivia, Colombia, Paraguay, and Uruguay. Rice acreage in Chile exceeded that of the preceding year, and production was the largest in several years. Ecuador's crop was larger than in the year before, even though a smaller acreage was planted.

Water shortages in Peru resulted not only in a failure to plant all the planned acreage, but also in an acreage cut of about 21 percent from the year before. Although production is considerably less than in the preceding year, it is 28 percent more than the postwar average.

Rice acreage in Australia is unchanged and good weather has resulted in a crop about as large as the record of a year earlier. (See editorial note, next page.)

(Ed. Note: The World roundup on Rice, pp. 697 through 701, is one of a series of regularly scheduled reports on world agricultural production approved by the Foreign Agricultural Service Committee on Foreign Crop and Livestock Statistics. It is based in part upon U. S. Foreign Service Reports.)

CANADA'S GRAIN SEEDING CONDITIONS IMPROVED

The general crop outlook improved considerably over most areas of Canada's Prairie Provinces during the last week of May. Good progress was made with wheat seeding, operations being virtually completed in Manitoba, western Saskatchewan, and in Alberta except in the foothill sections. Good progress was made in northern, central, and eastern Saskatchewan, where a larger acreage now seems likely to be seeded than was expected earlier. The situation is still serious in flooded areas, however, and could cause a reduction in total crop area. Seeding of coarse grains has also advanced rapidly, but a considerable acreage remains to be seeded.

Seeding had been nearly completed in Manitoba by June 1, except in scattered areas where operations were being held up by excessive moisture. Some delays are also attributed to cultivation for wild oat control, prior to seeding. Grain acreages appear likely to fall short of intentions except for barley. Serious floods in some areas of the Province are expected to keep about 150,000 acres out of production this season. The over-all outlook for the Province is promising, however, with ample moisture, germination good and growth strong. Summerfallow operations and chemical weed control measures had started at the beginning of June.

Although the over-all crop situation in Saskatchewan improved during the last week of May, showers in southern districts again delayed seeding and caused further difficulty in flooded areas. Though it is still too early to assess the changes in seeding plans for the Province, sharp reductions in wheat acreage are indicated for many districts where seeding has been unusually late. It seems likely that some of the land intended for wheat may be shifted to coarse grains if the season is not too late. An estimated 80 percent of the wheat acreage and 30 percent of coarse grain acreage had been seeded by June 1.

Good progress was being made in grain seeding over much of Alberta at latest report. In parts of the Province, however, seeding was still going slowly, with land still too wet to work in some districts. Wild oats is mentioned as a serious problem in early seeded grains.

IRAQ'S WHEAT
CROP REDUCED

The 1955 wheat harvest in Iraq is expected to be well below the large 1954 outturn, according to a recent report from the American Embassy, Baghdad. Unofficial estimates place the current crop at about 16.5 million bushels, compared with the 1954 crop of 27.6 million. The reduction from earlier forecasts is attributed to damage from rust and drought in parts of the northern Provinces during February and March. The wheat crop in southern areas is reported larger than usual, but that can only partially offset losses in the more important growing areas of the north.

As a result of the reduced prospects, the High Supply Committee on April 8 banned any further exports of wheat, cancelling the unshipped part of the second 50,000-metric-ton export quota authorized in February. Despite the reduced production, no imports are expected to be required, because of a substantial carry-over from the large 1954 harvest.

Since wheat is the main cash crop in northern areas, purchasing power there will be sharply reduced in 1955-56. Considerable speculation in wheat prices has followed the reports of crop shortage. Speculation appears to have been confined to the qualities of wheat bought by the Government for the bread subsidy program, which is resold to bakers at lower fixed prices. Prices for this type of wheat increased by a third early in April, dropped to the original level after rains were received April 8-9, then again rose a third by May 3.

OUTLOOK IS FOR LARGE
WHEAT CROP IN TURKEY

Turkey's 1955 wheat crop appears likely to be about 260 million bushels if conditions continue even moderately favorable for the remainder of the growing season, on the basis of conditions May 1. That would be a near-record crop, exceeded only by the 1953 harvest of 294 million bushels. A crop that size would be about 45 percent above the poor 1954 outturn.

At latest report, April rains had been adequate to promote plant growth and to carry the crop satisfactorily until mid-May. Additional moisture in late May and early June would be needed on the Anatolian Plateau and southeastern areas to insure proper heading. In earlier-maturing areas, especially the Aegean and Mediterranean Coastal regions, the crop was virtually made, and good yields seemed assured.

An open, moderate winter made it possible to seed winter grains considerably beyond the normal period, thus decreasing the proportion of spring wheat grown this season. Total wheat acreage is unofficially estimated at about 16.3 million acres. That would be an all-time record wheat acreage, exceeding the 1953 acreage by about 3 percent.

(Cont'd., next page.)

Although the early outlook for the wheat crop has been promising, growers have not increased their offerings to Toprak, the official buying agency. This has surprised some observers, who estimated that a substantial volume of the small 1954 crop was being withheld from the market in anticipation of higher prices later in the year.

Basic prices at which the Toprak office will buy the 1955 crop have not been announced, but no significant change from the 1954 prices is expected. Premiums to be paid for highest quality wheat have been set and are the same as in 1954. These premiums are to encourage growers to improve quality and to sell their highest grades to Toprak.

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ONION DEHYDRATING PLANTS FOR SALE IN EGYPT

Notwithstanding record-breaking exports of dehydrated onions from Egypt in recent years, 5 or possibly 6 of the 8 dehydrating plants are now offered for sale. Rapid growth of dehydrating capacity in Egypt has apparently outstripped the market. One new plant established at Port Said last fall operated only 3 months before closing and being offered for sale. This one was equipped with modern, fully automatic, German-made machinery.

Exports of dehydrated onions in the last 2 years were more than triple those in 1950--5,713,620 pounds in 1954, compared with 1,661,625 pounds in 1950.

Each year the number of countries importing dehydrated onions has grown, and 18 countries were listed in 1954. The United Kingdom, Germany, and the United States were the principal importers.

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WEST GERMANY FURTHER EXTENDS DOLLAR LIBERALIZATION

West Germany has issued its third list, dated May 26, 1955, for commodities liberalized for importation from the dollar area. The list was published in the Federal Law Gazette, No. 102 of May 28, 1955, effective as from that day.

As far as important agricultural products are concerned, it may be noted that all oilseeds from the dollar area have now been added to the list of commodities that can be imported without quantitative restriction. Other agricultural products added to the list are vegetable oils for technical uses, canned grapefruit, and prunes, plums, and other fruits in barrels, prepared without sugar or alcohol.

As far as United States agriculture is concerned this action is disappointing since it does not include other important products in which this country has an export interest. It does not compare in scope or dollar value affected with the liberalization of February 1954 when Germany freed imports of raw cotton and tobacco from quantitative restrictions. It is hoped, however, that important further liberalization measures will be taken this year.

GOLD COAST REPORTS PROGRESS ON COCOA SWOLLEN SHOOT CONTROL

The Gold Coast Department of Agriculture reports that during the first quarter of 1955 a total of 3,143,009 diseased trees were cut out under the swollen shoot control campaign. This brings the total of all trees cut out since the inception of the control program to 37,817,949.

The number of diseased trees removed during the January-March period is higher than in any previous quarter. The Department of Agriculture indicates that it is obtaining the ready cooperation of farmers in all but a few isolated instances.

The breakdown by Regions of trees cut out during the quarterly period is given below:

<u>Region</u>	<u>Number Trees Cut Out</u>
Eastern Region	2,859,220
Western Region	265,491
Ashanti	16,239
Trans-Volta/Togoland	<u>2,059</u>
Total 1st Quarter 1955	3,143,009

SECOND QUININE FACTORY CONSTRUCTED IN INDIA

According to a recent Foreign Service Despatch, the Government of Madras has completed construction of a second State-owned quinine factory in the Anamallais Hills in Coimbatore district. Built at an estimated cost of Rs. 3.0 million (\$630,000), the new factory is equipped with modern machinery capable of producing 60,000 pounds of quinine sulphate and 30,000 pounds of other alkaloids annually. It has three times the capacity of the first State-owned factory at Naduvattam in the Nilgiris Hills which was built in 1870.

The increased demand for quinine during the second World War, the consequent large-scale expansion of the Government cinchona plantation in the Anamallais Hills, and the high cost of transporting cinchona bark from the plantation to the Naduvattam factory have emphasized the need for this second quinine factory in the Anamallais Hills.

At the opening ceremony on May 14, 1955, A. B. Shetty, Madras Minister for Health, stated that quinine production in Madras and Assam would meet India's entire quinine requirement and would obviate the need for imports. The Government of India's ban on quinine imports, he said, would save the indigenous industry from foreign competition.

RHODESIAN FLUE-CURED PRICES UP
FROM '54; YIELD ESTIMATE RISES

The average price received for Southern Rhodesian flue-cured tobacco sold in the early part of this marketing season is about 20 percent higher than the average obtained in a similar period of last year. A total of 29.5 million pounds was sold at auctions in the first 7 weeks (March 15 - April 28) of the current marketing season for an average of 42.11 pence (49.13 U. S. cents) per pound, as compared with 35.23 pence (41.1 U.S. cents) received in a similar period last year. The increase in price is reported to be chiefly due to considerably higher prices paid for medium and low quality grades, although the quality of leaf offered in the first part of this marketing season is probably higher than in the previous season. Prices paid for the better quality grades are reported to be slightly lower than in the similar period last year.

The average price received for flue-cured leaf from Northern Rhodesia in the first part of this marketing season is well above that of 1954. Sales of Northwestern Rhodesian flue-cured tobacco through the first week of May brought an average of 43.6 pence (50.9 U.S. cents) per pound, more than 25 percent above the average price for a similar period last year.

Early in 1954, prices of Rhodesian medium and low-grade flue-cured were very low, but, as the marketing season progressed, prices increased considerably. In the current season, prices of these grades started at much higher levels than last year and are not expected to increase, but may show some decline before the end of the season.

Prices paid for Rhodesian leaf are very important to the U. S. tobacco farmer as well as to U.S. tobacco exporters, as Rhodesian flue-cured is the number one competitor of U.S. leaf in world markets.

If the price trends noticeable in the Rhodesian market in the first few weeks continue throughout the year, the medium and lower grades of U. S. flue-cured will be in a somewhat better competitive position in some world markets than was the case in 1954 when prices of these grades of Rhodesian tobacco were very low.

Latest estimates for the Southern Rhodesian flue-cured crop, which has just been harvested, now place the crop at 114 million pounds as compared with a previous estimate of 109.7 million. In recent years, the final production figures for Rhodesian flue-cured have consistently exceeded the output previously estimated.

On the basis of present estimates, this year's harvest of flue-cured leaf in the Central African Federation (Southern Rhodesia, Northern Rhodesia, and Nyasaland) is expected to total almost 125 million pounds. This is approximately 8 million pounds less than the 1954 output, but is 40 percent above the 1947-51 average.

(See table, opposite page.)

Central African Federation: Production of flue-cured
in recent years (farm sales weight)

Area	1947-51	1954	Estimate 1955 1/
	Million pounds	Million pounds	Million pounds
Southern Rhodesia.....	82.1	120.3	114.0
Northern Rhodesia			
North West.....	1.3	5.2	4.8
North East.....	3.1	2.8	2.2
Nyasaland.....	2.7	4.3	3.7
Total Central African Federation.....	89.2	132.6	124.7

1/ The harvest period is January - May

CANADA'S FLUE-CURED CROP DOWN FROM 1954

Flue-cured tobacco production in Canada in 1955 is now expected to total approximately 130 million pounds from 95,000 acres. Such an output would be a reduction of about one-fourth from the record harvest of 172.6 million pounds in 1954, but would be more than 16 percent above the 1947-51 level.

Members of the Ontario Flue-Cured Marketing Association were authorized to plant their full base acreage of 120,000 acres in 1954. While it is estimated that only 110,000 acres were planted by members of the Association, more than 6,000 acres were grown outside the Association in Ontario and slightly less than that were planted in other Provinces, mainly in Quebec. In 1955, acreage for members of the Ontario Association was set at 70 percent of the base allotment. The reduction in acreage is primarily due to the difficulty encountered in moving the extremely large 1954 crop. In January, between 12 and 14 million pounds of the lower quality leaf was still in the hands of the growers. However, it is reported that this tobacco has been disposed of since.

The average yield per acre of flue-cured tobacco in Canada was more than 1,400 pounds per acre in 1954. . . the third successive year in which yields in the main producing area of Ontario have reached or exceeded this level. More than 15 percent of the crop was irrigated in 1954 and an increasing number of farms are being equipped with supplemental irrigation systems. It is estimated that the acreage irrigated in 1955 can be more than double the 1954 figure in the event of a dry season.

(Cont'd., next page.)

In 1954, only 60 percent of the Ontario Burley Growers planted their full allotted acreage, and production of Burley amounted to 5 million pounds from about 3,300 acres. No estimates as to acreage or production for 1955 are available, but it is expected that more farmers will plant their allotments and that output will increase accordingly.

Cigar tobacco production in 1955 is expected to increase as compared with last year as the result of a 5-percent increase in cigar consumption in 1954. Output of this type amounted to 5 million pounds last season from about 4,100 acres.

Canada: Acreage and production of tobacco by type, average
1935-39 and 1947-51, annual 1953-54

Type	1935-39	1947-51	1953	1954
Acreage	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>
Flue-cured.....	51	98	96	122
Burley.....	9	8	1	3
Cigar.....	4	4	3	4
Other.....	5	3	1	2
Total.....	69	113	101	131
Production	1,000 <u>pounds</u>	1,000 <u>pounds</u>	1,000 <u>pounds</u>	1,000 <u>pounds</u>
Flue-cured.....	54,616	111,646	132,352	172,606
Burley.....	10,749	10,040	1,709	5,000
Cigar.....	5,102	5,000	3,830	5,000
Other.....	6,089	2,759	1,299	1,550
Total.....	76,556	129,445	139,190	184,156

L A T E N E W S

The United States wheat and flour import quota for the 12-month period beginning May 31, 1955, was filled at the opening moment of the quota period, i.e., 12:00 noon EST, May 31, according to a release on June 3 by the Bureau of Customs. The annual quota (pursuant to Presidential Proclamation of May 28, 1941, as modified) of 800,000 bushels of wheat "for human consumption" and 4 million pounds of flour has been in effect annually since 1941. The bulk of the quota (795,000 bushels of wheat and 3,815,000 pounds of flour) is allocated for imports from Canada.

BOLIVIA TO IMPORT CEBU CATTLE

The Bolivian Development Corporation has been authorized to import 603 head of Cebu cattle for breeding purposes. The cattle, described the "Nellore" type; are to include 600 cows; 18 to 26 months old, and three breeding bulls. The stock will be added to the livestock improvement project at Reyes in the Beni.

NEW ZEALAND'S EXPORTS OF MEAT
AND WOOL INCREASED IN 1954

New Zealand exported considerable more meat and a little more wool in 1954 as compared with 1953; according to Eugene T. Ransom, Agricultural Attache, American Embassy, Wellington.

Although there was a reduction from 1953 in the value of dairy products exported, total export trade for the calendar year 1954 was valued at almost \$685 million, an increase of \$24 million over the previous year. The only year in which New Zealand's exports reached a higher figure was in 1951, when exceptionally high prices for wool brought the total value to nearly \$695 million.

The United Kingdom continued to be the chief market for New Zealand exports. Exports to Australia, Germany, and the Netherlands have increased since 1952, while for the same period exports to the United States have been halved and those to Japan reduced by one-third.

Imports in 1954 were valued at about \$597 million, an increase of \$139 million over 1953 and only \$46 million below the record level of 1952. More than half of New Zealand imports again came from the United Kingdom, while Australia was the second larger supplier, with 13 percent.

NEW ZEALAND MEAT PRODUCTION
AND EXPORT INCREASED

According to the Australian Monthly Trade and Shipping Review of March 1955, certain New Zealand meat; such as meat from overfat ewes, is not popular with the British housewife. However, Russia offers a good outlet and a ship has already been loaded for Leningrad.

One of the biggest problems facing New Zealand is the improvement in British production of meat which now makes up 60 percent or more of the home supply.

(Cont'd. next page.)

The New Zealand output of meat during the 1954-55 season is expected to reach an all-time high. Production will be considerably more than the 1.30 billion pounds produced in 1953-54, and will probably be 33 million pounds higher than the record figure 1.33 billion pounds of 2 years ago. This record production is not only due to the larger increase of both sheep and cattle numbers but also to the effects of a dry summer on feed and the number which stock farmers can carry through the winter.

For the first quarter of this season, the total of all animals slaughtered was 5,526,182 compared with 3,371,310 during the same period in the previous season.

Between the 1951-52 and the 1953-54 seasons, the number of sheep increased by 2,626,684 (from 35,384,270 to 38,010,954); beef cattle by 159,083, and total cattle by 580,189 (from 5,164,689 to 5,744,878.)

AUSTRALIAN EXPORTS OF MEAT INCREASE

Australian exports of frozen and chilled meat during January and February 1955 were 45 percent higher than a year earlier, with beef and veal accounting for the bulk of the increase, according to James H. Boulware, Agricultural Attache, American Embassy, Canberra.

The larger Australian exports reflect the curtailment of exports of meat from the South American countries as well as increased purchases made by the Soviet Union. Another factor, "the reduced shipments from Australia to the United Kingdom", as a result of dock strikes last fall, may have contributed to the increase in shipments during January and February. The increase in exports may have been partially due to the Australian Meat Board's proposal to the government which has been adopted. The Government has authorized the payment of a bounty of 1.4 cents per pound on all beef delivered into cold stores for export to the United Kingdom between May and July 31, 1955. These deficiency payments are made in accordance with the long-term meat agreement between Australia and the United Kingdom.

The pastures throughout Australia have been exceptionally good. The rains have been sufficient to assure good conditions through the winter months. As a consequence feeder stock were in sellers' favor and offerings limited.

The first of fat stock on the Melbourne market during January and February was considerably higher than a year ago, but hog prices were down by 30 percent as a result of increased production during the past year.

USSR DECREES SPECIAL
INCENTIVES FOR CORN PRODUCTION

A decree was issued by the Soviet Government on May 21 to provide special incentives to farmers growing corn. This is part of a new government campaign greatly to increase production of corn, which heretofore was a minor crop in the Soviet Union; in order to bolster the lagging forage supply. (See Foreign Crops and Markets, June 6, 1955, p. 675.)

In order to stimulate the interest of collective farmers and workers of machine-tractor stations in the increased production of corn, it was recommended by the decree that the collective farms, by a decision of their general membership meetings, make supplementary payments up to 15 percent of the harvested corn crop in grain or silage. Up to half the quantity of corn allotted for such supplementary payments from each of the brigade or squad plots is to be distributed among those who participated in the growing, harvesting, and silaging of the crop, in proportion to the "work-days" earned. (A "work-day" is a unit associated with a certain task performance for the purpose of distribution of income in collective farms, and is not an actual working day.) The other half is to be distributed among all workers of collective farms and machine-tractor stations on the basis of all "work-days" earned from the beginning of the year.

Growers of what the Soviets call hybrid seed in collective farms are to receive in ordinary seed from 30 to 50 percent of the crop produced on such seed plots, to be distributed in accordance with the "work-days" earned while working on these plots, provided that the chief agronomist of the machine-tractor station certifies that the workers have observed all the rules prescribed for growing such seed. The brigade leaders engaged in corn production are to receive supplementary payments up to 150 percent of the quantity of corn grain and silage distributed on the average to members of the brigade; and the assistant leaders of the tractor brigades 130 percent. Managers (chairmen) of collective farms and the agronomists are to receive 130 percent of grain and silage allotted on the average to a brigade leader.

The supplementary payments of corn are to be distributed in addition to the regular advances made to collective farm members and the allocation for the internal needs of the collective farm and also irrespective of the fulfillment of the delivery obligations to the state. The collective farms can make the supplementary payments, at the option of the workers, in products other than corn as well as in cash. The decree on supplementary corn payments and, especially, the unprecedented provision that such incentive payments can be made regardless of the fulfillment of delivery obligations to the state, demonstrates once more the importance attached by the Soviet Government to the increased production of corn.

COTTON MILL CONSUMPTION DECLINES IN JAPAN

Japan's cotton mill consumption during the first 8 months (August-March) of the August-July 1954-55 marketing year was down 8 percent from the previous year, according to L. E. Gleeck, Jr., and S. Kondo, American Consulate General, Kobe. Consumption in the August-March 1954-55 period amounted to 1,413,000 bales, as compared with 1,537,000 bales consumed in the corresponding period of 1953-54. This reduced rate of utilization in the current period is attributed to lower domestic demand, reduced exports of yarn and textiles, and high inventories of finished goods. Further reductions in utilization of raw cotton may be expected in May and June, if the 12-percent cut in cotton yarn production, recommended by the Ministry of International Trade and Industry (MITI), is put into effect. Non-mill cotton consumption in Japan amounts to about 5 percent of mill consumption, in addition to the figures given above.

JAPAN: Imports of cotton from major countries of origin; average 1935-39; crop years 1951-52 to 1953-54; August-March 1953-54 and 1954-55

(Equivalent bales of 500 pounds gross)

Country of origin	Crop year beginning August 1				August-March	
	Average	1951	1952	1953	1953-54	1954-55
	1935-39					
	1,000	1,000	1,000	1,000	1,000	1,000
	bales	bales	bales	bales	bales	bales
Argentina.....	1/	2.9	46.1	79.6	75.0	12.8
Brazil.....	202.5	45.3	29.9	210.5	113.8	193.7
British East Africa:	66.1	22.5	30.9	21.4	7.0	6.9
Burma.....	1/	22.6	46.6	49.3	31.9	24.8
Egypt.....	139.7	42.4	84.6	92.7	67.4	48.0
India.....	1,250.5	47.0	171.8	67.8	42.9	56.0
Iran.....	1/	2/	19.0	61.8	33.0	17.5
Mexico.....	1/	147.6	503.2	475.7	386.9	330.1
Pakistan.....	3/	233.3	439.0	310.8	234.3	100.1
Paraguay.....	1/	0	11.1	1.7	1.7	7.3
Peru.....	1/	6.5	20.0	12.5	10.3	12.7
Sudan.....	1/	.1	12.4	1.3	1.0	1/
United States.....	1,126.6	1,063.8	625.1	942.4	512.5	499.5
Other countries....	4/ 391.2	6.7	15.5	5/ 104.0	47.6	26.9
Total.....	3,176.6	1,640.7	2,055.2	2,431.5	1,565.3	1,336.3

1/ If any, included in "Other countries". 2/ Less than 50 bales.

3/ Included in India. 4/ China 232.1. 5/ Turkey 49.3, Nicaragua 22.0, and Afghanistan 17.3

Source: Monthly Return of the Foreign Trade of Japan; All Japan Cotton Spinners Association.

Cotton imports by Japan during August-March 1954-55 amounted to 1,336,000 bales, a decline of 15 percent from imports of 1,565,000 bales in the corresponding period of 1953-54. Imports from the United States amounted to 500,000 bales in the current period as compared with 512,000 a year earlier, a decline of only 2 percent. (See table, opposite page.)

Cotton stocks in Japan on March 31, 1955, amounted to 509,000 bales, an increase of 8 percent from the 470,000 bales held a month earlier, and about 5 percent higher than stocks of 484,000 bales on March 31, 1954.

Recent CIF cotton price quotations in Japan were as follows:

Cotton: CIF quotations in Japan, for specified dates

Growth	1955			
	Feb. 10	March 10	April 10	May 10
	(in equivalent U.S. cents per pound)			
Pakistan NT RG	34.46	34.11	33.10	31.73
Egyptian Ashmouni C&I.....	47.40	46.40	45.65	45.85
Mexican SM 1-1/16 inches.....	39.90	39.10	38.75	39.41
U.S. Middling 15/16 inch.....	37.90	37.15	37.00	37.50

INDIA TO ESTABLISH ADDITIONAL COTTON FUTURES MARKETS

The Government of India has accepted the recommendations of the Forward Markets Commission to establish additional cotton futures markets at Akola, Indore, and Ahmedabad. The centers at Akola and Indore will be established first. The East India Cotton Association (EICA) will continue to provide hedging facilities for Indian cotton generally, whereas the Akola and Indore Associations will maintain hedging only for locally grown varieties.

BURMA'S 1954-55 COTTON CROP BELOW THAT OF LAST YEAR

Latest unofficial estimate of Burma's 1954-55 cotton crop places production at about 85,000 bales (500 bales gross)--10 percent less than the 95,000-bale production of 1953-54, according to Graham S. Quate, Agricultural Attache, Rangoon. The decline is attributed largely to unfavorable weather. Long-range agricultural development plans of the Government call for further increase in cotton production.

Burma's cotton exports have increased steadily in the last few years, amounting to 92,000 bales for the August-July 1953-54 marketing year, as compared with 83,000 bales exported in 1952-53, 75,000 in 1951-52, and 32,000 in 1950-51. Principal destinations of Burma's 1953-54 cotton exports were: Japan 48,000 bales; the United Kingdom 14,000; the Netherlands 9,000; France 7,000; and Western Germany 5,000. Smaller quantities were exported to Italy, Belgium, and Hong Kong.

Cotton consumption in Burma in 1953-54 was estimated at 11,000 bales, and imports were 1,000 bales.

INDIA REDUCES IMPORT DUTIES ON FOREIGN COTTON TEXTILES

The Government of India has reduced the scale of import duties on foreign cotton textiles, effective May 3, 1955. The new schedule changes the previous single ad valorem rate of from 60 to 80 percent, to a revised two-part duty, consisting of a specific rate of $2\frac{1}{4}$ annas (about 3 U.S. cents) per square yard, plus a 25 percent ad valorem rate for imports of British textiles, and from 45 to 60 percent for other textiles, depending on the quality of the cloth. The 3 cent specific rate is equivalent to the domestic excise tax on domestic superfine cloth.

Indian cloth is imported into the United Kingdom without duty, and the lowering of the rates on British textiles should aid in reducing the disparity in textile trade between the two countries. Domestic textile sales are not expected to be materially affected, as imported fabrics are generally of finer grades.

The Government has also reduced the export tax on coarse cloth from 10 to $6\frac{1}{4}$ percent. This is expected to broaden foreign demand for coarse cloth. Export taxes are not levied on other types of cloth.

INCREASED COTTON CONSUMPTION AND PRODUCTION IN AUSTRALIA

Cotton mill consumption in Australia during the first 4 months (August-November) of the August-July 1954-55 marketing year amounted to 33,000 bales, 30 percent higher than consumption of 25,000 bales during the corresponding period of 1953-54, according to C. deGoede, American Embassy, Canberra. Consumption of United States cotton in the current period amounted to 17,000 bales or 50 percent of the total, as compared with only 5,000 bales or 20 percent of total consumption in August-November 1953. Cotton consumption for the entire year 1953-54 amounted to 82,000 bales as compared with 59,000 in 1952-53. Consumption of United States cotton in these 2 periods amounted to 29,000 bales in 1953-54, and 17,000 in 1952-53.

Australia's cotton production is expected to reach about 7,500 bales in the 1954-55 marketing year, or almost twice the 1953-54 production of 4,000 bales. Acreage expansion to approximately 20,000 for 1954-55, as compared with 9,000 for 1953-54, was attributed in part to crop rotation practices and acreage restrictions on sugar cane. Government extension of the Cotton Bounty Act and provision for a minimum support price for cotton until the end of 1958 were seen as further encouragement for increased cotton production in the next few years. The minimum guaranteed price of 14 pence per pound for seed cotton is equivalent to approximately 13 U.S. cents. Australia's peak cotton production in prewar years averaged 11,000 bales for the 5-year period 1935-39.

Cotton imports by Australia in August-November 1954 amounted to 29,000 bales from all sources; a decrease of 34 percent from the 44,000 bales imported in the comparable period a year earlier. Imports from the United States increased, however, from 11,000 bales in August-November 1953 to 14,000 in the same months of 1954. Cotton imports for the August-July year 1953-54 amounted to 106,000 bales, as compared with 48,000 in 1952-53.

DAIRY SPECIALISTS MAKE SURVEY IN SPAIN

According to the American Embassy in Madrid, a joint UNICEF/FAO team of milk and livestock specialists has arrived in Spain to survey the Spanish dairy and livestock industries. Their arrival renews the rumor that UNICEF may grant the Spanish Government milk-processing machinery and equipment; the government would turn the equipment over to selected processors, either cooperatives or individuals, who would pay for the equipment through a low-fat, sterilized milk for delivery to school children and needy mothers. This is similar to arrangements UNICEF has made in other countries.

At present, milk production in Spain is low by nutritional standards; total production, including milk fed to livestock, amounts to less than 200 pounds per capita.

SWISS DAIRY PRODUCTS PATTERNS SET

With the advent of the summer months and the flush milk production period the Central Union of the Swiss Milk Producers has issued instructions on cheese production for the period through October 30, 1955. Butter production, it is pointed out by the report from the American Embassy, Bern, will again be subordinated to cheese manufacture--and butter imports will be necessary to cover domestic demand.

Because of the favorable domestic and foreign market outlook for Emmentaler cheese, no production quota has been placed on this variety, except for limited quotas placed on individual plants because of quality control problems. The stocks as of April 1955 were more than 5 million pounds under stocks of the preceding year, and the winter production target for Emmentaler was not reached. Therefore, the Union was of the opinion that unrestricted production would not be harmful.

With Gruyere stocks at 4.3 million pounds compared to 6.5 in April 1954, a production increase of 10 percent was allowed for this type cheese; the output is to be concentrated during the June-October period because the shift from dry to green feeds was later this year. Cheese plants which did not fully meet quality requirements will be allowed to produce only from 50 to 75 percent of their capacity.

Despite the fact that stocks of Sbrinz have had a tendency to increase during the past years, the fact that this cheese has an excellent keeping quality and that prospects for sales are good resulted in a quota increase of 10 percent in the output of this variety.

The Swiss Federal Council has decreed, as of May 1, 1955, that retail price differentials based on quality of fluid milk would become obligatory; previously the differentials had been optional with the stations selling the milk. (Cont'd., next page.)

The highest price is paid for milk from herds accredited under the anti-tuberculosis campaign, providing, of course, that the quality as to such factors as smell, taste, and fat content, meet requirements. Milk of lower quality will sell for as much as 0.3 cents per quart less.

PHILIPPINE COCONUT PRODUCTION EXPECTED TO BE UP 10 PERCENT IN '55

Philippine production of coconut products in terms of copra equivalent in 1955 is expected to be larger than the total 1954 production by about 10 percent, according to H. V. Gaib, Agricultural Attache, American Embassy, Manila. As in 1953, damage from typhoons in 1954 was slight, especially in the major producing areas in Luzon. Thus, the prospects of the entire industry this year are brighter. With improved quality of Philippine copra, chances for improved competition with other countries are good. The decline in European soap consumption as reported by the trade should not be viewed as being too unfavorable, because copra and coconut oil are used for the manufacture of margarine in Europe more than for non-food uses. In fact, the European copra and coconut oil market may well make up for the weakness in the United States market caused by the steady trend toward detergents. Prices are expected to remain firm or even rise as a result of the strengthening world demand.

Production in 1954 of copra, coconut oil, and desiccated coconut in terms of copra, excluding coconuts used in the making of home-made oil and native culinary preparations, is estimated at 1.1 million long tons compared with 0.9 million tons in the two previous years. The higher production was mainly the result of fairly good weather during 1953 with no more than average typhoon damage.

PHILIPPINE REPUBLIC: Copra, coconut oil, and desiccated coconut production in copra equivalent, average 1947-51, annual 1951-1954 (Long tons)

	:Average: :1947-51:	1951	:1952 1/	:1953 1/ 2/	:1954 2/
<u>Exports:</u>	:	:	:	:	:
Copra.....	:720,487:	760,036:	651,764:	592,267:	758,002
Coconut oil as copra 3/.....	:87,517:	122,408:	126,290:	92,998:	104,337
Desiccated coconut as copra 4/..	:61,294:	50,701:	45,192:	56,770:	54,537
Total as copra.....	:869,298:	933,145:	823,246:	742,035:	916,876
<u>Domestic utilization:</u>	:	:	:	:	:
Coconut oil as copra 3/.....	:89,035:	103,175:	111,111:	163,492:	187,619
Total production as copra :	:	:	:	:	:
5/	:958,333:	1,036,320:	934,357:	905,527:	1,104,495

1/ Revised. 2/ Preliminary. 3/ Computed at 63 percent oil extraction rate.
4/ Computed as 83 percent of copra equivalent. 5/ Excluding coconut utilized in the making of home-made oil and native culinary preparations.

Source: Philippine trade.

Exports of copra at 758,002 tons increased from 1953 by 28 percent, and coconut oil exports at 65,732 tons (104,337 tons copra equivalent) were up 12 percent. The 45,266 tons of desiccated coconut (54,537 tons copra basis), however, represented a decline of 4 percent from 1953. Approximately 39 percent of the copra and 98 percent of the coconut oil exports in 1954 came to the United States. Production and exports of desiccated coconut respond directly to market conditions in the United States. Practically all of the exports in 1954 went to the United States.

Domestic utilization of coconut oil, estimated at 118,200 tons (187,619 tons, copra basis) was 15 percent larger than in the previous year.

Copra cake and meal production in 1954 was estimated at 73,004 tons compared with 64,509 tons in 1953. Practically all of the production is exported, with the United States taking the largest share.

Prices of copra in Manila during 1954 on a comparative basis were lower than during 1953. The average monthly domestic prices of copra ranged from a low of 26.48 pesos per 100 kilos (\$.060 per pound) rescada to a high of 39.08 pesos (\$.089) with an annual average of 30.34 pesos (\$.069) compared with the 1953 average of 36.04 pesos (\$.082). The monthly average export price of copra during 1954 ranged from a low of \$156.75 per short ton c.i.f. Pacific coast to a high of \$217.20. The average for 1954 was \$175.40 per ton compared with \$207.00 in 1953.

The Philippine Coconut Administration (PHILCOA) initiated a copra improvement program in October 1954. (See Foreign Crops and Markets, November 22, 1954). The first phase of the campaign ended on April 30 and reportedly appears to have had quite a degree of success. According to the PHILCOA, the present quality of much of the copra is at par with copra from other sources.

INDIAN CASTOR BEAN PRODUCTION UP FROM '54

India's 1954-55 castor bean production is placed at 125,440 short tons from 1,273,000 acres, according to the final official estimate. While this estimate is somewhat smaller than earlier unofficial estimates (see Foreign Crops and Markets, March 7, 1955), it represents a 4-percent increase from the estimate of the 1953-54 crop; now partially revised to 120,960 tons from 1,373,000 acres.

The increase in production--despite the 7-percent decrease in acreage--was mainly due to more favorable weather conditions during the growing period in some states, especially Bombay and Hyderabad. The decline in acreage, largely in Hyderabad and to a lesser extent in Saurashtra, was due partly to normal crop rotations and partly to low prices of oilseeds prevailing at the time of sowing in the case of Hyderabad and to an increase in peanut acreage at the cost of castor beans in the case of Saurashtra. The decrease in acreage, however, has been offset to a certain extent by the increase registered in Bombay. (Cont'd., next page.)

Exports of castor oil will continue to be licensed freely on shipping bills up to the end of August 1955 to all permissible destinations, excluding Portuguese possessions in India, according to a Government notification issued on May 9. Exports will be permitted through the following categories of shippers only: (1) Established shippers who exported castor oil during any one of the calendar years 1951, 1952, or 1953; and (2) Non-established shippers who can prove that they have been dealing in any vegetable oils and oilseeds in either the domestic or export trades, and whose turnover during any one of the three years, 1951, 1952, or 1953, was above 25,000 rupees (\$5,250). The export duty on castor oil remains unchanged at 125 rupees per long ton (\$23.44 per short ton).

FRENCH IMPORTS OF FATS AND OILS EXPECTED TO INCREASE

Imports of fats, oils, and oilseeds into France in 1955 from non-French Union areas are forecast at 256,000 short tons, oil equivalent, or nearly one-fourth more than comparable 1954 purchases of 209,000 tons, reports Omer W. Herrmann, Agricultural Attache, American Embassy, Paris. The expected deficit in fluid oils of around 95,000 tons is markedly higher than 42,300 tons imported in 1954 because of a smaller production of peanuts in French Africa. In addition, imports of approximately 68,000 tons of hard oils and 93,000 tons of drying and industrial oils will be necessary to meet the expected deficits. (See table, opposite page.)

The trade is predicting that the French may be in the market for as much as 220,000 tons of soybeans during 1955. It was further stated by a member of the trade that the French may be in the market for approximately 55,000 tons of new crop soybeans for September delivery.

French imports of oil-bearing materials were 19 percent higher in 1954 than in 1953, due to larger imports of peanuts (32 percent), palm kernels (13 percent), soybeans (80 percent), and flaxseed (17 percent). Imports of vegetable oils also were higher (23 percent) than a year earlier, mainly because of markedly higher imports of olive oil (82 percent), copra and palm kernel oil (188 percent); and of linseed oil (102 percent).

The liberalization of imports for OEEC (Organization for European Economic Cooperation) countries was carried a step further in April 1954 and; in some cases, a temporary tax was instituted as a protective measure.

Export assistance in the form of tax and other rebates are granted for certain products. Reimbursement of social and fiscal charges based on salaries, as well as a refund of 7.5 percent of the invoiced value are granted for exports of margarine, cod liver oil, unrefined olive oil, and all refined vegetable oils, as well as hydrogenated fats and oils. The refund on the invoiced value is reduced to 4.2 percent in the case of other unrefined vegetable oils and lard. No benefits are given for exports of butter, tallow, and oil-bearing materials.

FRANCE: Imports of principal oil-bearing materials
and vegetable oils, 1954, with comparison

(Short tons)

Commodities	1953			1954		
	Foreign countries	French overseas territories	Total	Foreign countries	French overseas territories	Total
Oil-bearing materials						
Peanuts.....	13,956:	254,694:	268,650:	35,090:	318,594:	353,684
Copra.....	39,851:	50,771:	90,622:	35,356:	64,054:	99,410
Palm kernels.....	12,522:	132,619:	145,141:	35,194:	128,877:	164,071
Soybeans.....	26,025:	11:	26,036:	46,849:	-	46,849
Castor beans.....	13,555:	3,868:	17,423:	16,361:	3,348:	19,709
Flaxseed 1/.....	85,732:	20,786:	106,518:	108,159:	16,996:	125,155
Poppy seed.....	1,229:	-	1,229:	396:	-	396
Cottonseed.....	-	3,718:	3,718:	-	-	-
Sesame.....	6,169:	1,177:	7,346:	124:	1,157:	1,281
Others.....	23,955:	4,256:	28,211:	10,730:	3,012:	13,742
Crude oils						
Soybean, sunflower..	19:	-	19:	147:	10:	157
Cottonseed.....	-	2:	2:	8:	-	8
Peanut.....	42:	86,961:	87,003:	264:	90,427:	90,691
Olive.....	617:	21,404:	22,021:	34:	40,147:	40,181
Palm.....	5,922:	19,839:	25,761:	7,433:	19,875:	27,308
Copra and palm kernel.....	583:	1,171:	1,754:	4,090:	953:	5,043
Linseed.....	6,433:	1,800:	8,233:	15,471:	1,168:	16,639
Tung.....	2,136:	252:	2,388:	2,566:	384:	2,950
Castor.....	57:	788:	845:	1,305:	398:	1,703
Karite.....	-	1,065:	1,065:	160:	510:	670
Others.....	10:	195:	205:	390:	731:	1,121
Refined oils	1,465:	10,880:	12,345:	5,248:	7,252:	12,500

1/ Includes quantities imported for seed.

Source: American Embassy, Paris.

In 1954 France exported 7,399 tons of oilseeds, 22,047 tons of crude vegetable oils, and 9,896 tons of refined vegetable oils. Comparable data for 1953 are 6,603, 25,678, and 16,900 tons, respectively.

Production of oilseeds other than flaxseed in France in 1954 was around 114,000 tons as compared with 131,240 tons in 1953. Most of the decrease was in rapeseed, the principal oil crop grown, output of which dropped from 94,400 tons in 1953 to 84,700 tons last year. Production last year of flaxseed from flax sown for seed was reported at 6,600 tons or about the same as in 1953.

France also produced about 110,000 tons of tallow, possibly 165,000 tons of hog fat, 86,000 tons of margarine, and 414,000 tons of oilcake and meal in 1954.
(Cont'd., next page.)

It has been estimated that total consumption of edible fats and oils in France in 1954 was 840,000 tons, including 388,000 tons of butter, 66,000 tons of margarine, 254,000 tons of oil, and 132,000 tons of lard.

WORLD EXPORTS OF PALM OIL AND PALM KERNELS AT RECORD LEVELS ^{1/}

Palm oil and palm kernel exports during 1954 from the major producing areas of the world appear to have attained record levels, according to preliminary data available to the Foreign Agricultural Service. Palm oil exports, estimated at 637,200 short tons, exceeded 1953 shipments by 6 percent and the previous high in 1950 by 12 percent. Palm kernel exports, at an estimated 916,200 tons, appear to have been about 4 percent larger than in 1953 and 3 percent larger than the previous high of 1950. Both oil and kernel exports were substantially higher than the prewar or immediate postwar averages.

Table 1 - PALM OIL: Exports from principal producing countries, averages 1935-39 and 1945-49, annual 1952-1954.

(Short tons)

Continent and country	Average		1952	1953	1954	
	1935-39	1945-49			^{1/}	^{2/}
Africa:						
British						
Nigeria.....	153,980:	145,686:	187,363:	224,738:	233,496	
Sierra Leone.....	1,943:	1,406:	933:	405:	1,029	
Gold Coast.....	549:	229:	258:	470:	607	
French						
West Africa.....	22,691:	5,408:	10,463:	18,012:	15,840	
Equatorial Africa.....	6,304:	2,524:	2,384:	3,927:	3,081	
Cameroons.....	9,759:	3,350:	2,913:	2,346:	1,517	
Togo.....	1,841:	592:	348:	499:	3/ 875	
Portuguese						
Angola.....	3,254:	12,111:	12,622:	7,366:	13,919	
Guinea.....	845:	1,113:	754:	594:	-	
Sao Tome and Principe..	1,640:	2,172:	2,056:	3,172:	1,958	
Belgian Congo	72,450:	106,506:	160,584:	144,440:	154,526	
Liberia.....	1,160:	1,446:	3,360:	504:	34	
Total Africa.....	276,416:	282,543:	384,038:	406,473:	427,546	
Malaya, Federation of.....	47,360:	35,327:	51,689:	51,129:	55,215	
Indonesia.....	212,685:	31,600:	132,491:	145,692:	154,439	
Total ^{4/}	536,461:	349,470:	568,218:	603,294:	637,200	

^{1/} Revised. ^{2/} Preliminary. ^{3/} January - November. ^{4/} Includes estimates for the above countries for which data are not available.

Compiled from official and unofficial sources.

^{1/} The palm oil and palm kernel situation is reviewed here in terms of exports, rather than production, because of more complete data regarding exports.

Africa accounted for 67 percent of the total volume of palm oil that entered trade in 1954, Indonesia 24 percent, and the Federation of Malaya 9 percent. The increase of almost 34,000 tons from 1953 was principally due to larger shipments from the Belgian Congo, Nigeria, Indonesia, Angola, and Malaya. Exports from Nigeria, the world's leading producer and exporter, were at a new high of 233,496 tons. Oil shipments from Indonesia reached a post-war high of 154,439 tons but represented only about three-fourths of the average tonnage entering trade in prewar years, when Indonesia was the leading exporter. Exports from the Belgian Congo, on the other hand, were more than double the prewar tonnage but fell somewhat short of the record quantity exported in 1952. Palm oil shipments from Sierra Leone also were more than double those of the previous year while the quantity exported from the Gold Coast was up nearly one-third.

The most significant decline in exports occurred in French West Africa. And Liberia's foreign sales of palm oil have dropped sharply in the past two years. Only 34 tons reportedly were exported in 1954 in contrast to 3,360 tons in 1952.

Table 2 - PALM KERNELS: Exports from principal producing countries, averages 1935-39 and 1945-49, annual 1952-1954

(Short tons)

Continent and country	Average		1952 1/	1953 1/ 2/	1954 2/
	1935-39	1945-49			
Africa:					
British					
Nigeria.....	369,293	356,007	419,063	451,217	519,799
Sierra Leone.....	83,775	66,825	85,540	77,172	76,250
Gold Coast.....	7,987	6,206	7,275	7,840	9,782
Gambia.....	776	1,292	1,984	2,240	-
French					
West Africa.....	85,254	59,617	70,720	94,456	89,568
Equatorial Africa.....	14,283	8,102	8,602	10,104	10,525
Cameroons.....	39,470	30,049	21,609	23,771	18,530
Togo.....	13,775	6,157	8,990	12,305	3/ 8,856
Portuguese					
Angola.....	6,399	12,904	14,878	12,818	10,096
Guinea.....	13,909	15,601	20,181	12,723	-
Sao Tome and Principe....	4,371	5,815	6,117	7,142	4,579
Belgian Congo	94,002	67,000	101,910	96,541	79,145
Liberia.....	10,130	8,865	29,120	17,394	12,363
Total Africa.....	743,424	644,440	795,989	825,723	853,536
Malaya, Federation of.....	8,132	4,618	12,173	13,254	15,712
Indonesia 4/.....	44,134	9,111	40,975	45,829	46,952
Total.....	795,690	658,169	849,137	884,806	916,200

1/ Revised. 2/ Preliminary. 3/ January-November. 4/ Includes estimates for the above countries for which data are not available.

Compiled from official and unofficial sources.

While the major portion of Nigeria's palm oil exports--63 percent in 1954--continued to go to the United Kingdom, sizable quantities also went to other European countries, reflecting the results of the termination of the British Ministry of Food's long-term buying contracts with the Produce Marketing Companies of British West Africa.

Two-thirds of the Indonesian palm oil went to the Netherlands, 12 percent to Germany, 9 percent to Japan, and the remainder to a number of other destinations. Congo oil probably was shipped mainly to Belgium, the United States, and Western Germany. Similarly the bulk of the oil from Malaya, French West Africa, and Angola was marketed in the mother countries, the United Kingdom, France, and Portugal.

The 916,200 tons of palm kernels estimated to have moved into trade channels in 1954 would be equivalent to about 412,290 tons of palm kernel oil at the extraction rate of 45 percent. Over 93 percent of the kernels originated in Africa. Nigeria, throughout the years the leading producer and exporter of palm kernels, supplied well over half the world total in 1954. And Nigeria, with record shipments of 519,799 tons, accounted for virtually all the overall expansion from 1953. With the exception of relatively minor increases in French Equatorial Africa, Malaya, and Indonesia, exports from other producing countries declined in 1954. Significant among these countries are the Belgian Congo with a decline in tonnage of 13 percent and French West Africa with a decline of 5 percent. The bulk of the palm kernels that enter international trade is shipped to mother countries in Europe.

ARGENTINE TUNG OIL OUTLOOK IN 1955

Argentina's tung oil production from the 1955 tung nut harvest is estimated at approximately 12,800 short tons; according to V. H. Hougen, Commodity Specialist, Foreign Agricultural Service. This is one-fourth less oil than produced from the 1954 crop and about one-third below the 1953 record of 20,500 tons. It is possible that the current estimate is a maximum, and actual oil production will be from 11,000 to 12,000 tons. Crushing of the 1955 crop is expected to begin in November.

It appears unlikely that Argentina will again produce a tung nut crop comparable to that of 1953 because profits have been insufficient to induce producers to continue to care for the tung plantations. Moreover, no new plantings or replantings have been made in recent years. This has happened in spite of the fact that the price to producers for tung nuts delivered at the oil mills has increased from 375 pesos per metric ton for the 1950-51 crop to 650 pesos for the 1954-55 crop.

In many parts of the producing area tea and yerba mate have been, and are being, interplanted with tung trees. It is expected that as these plantings come to maturity the older tung trees will be destroyed in favor of the new crops. These are the reasons for the likelihood of reduced tung production in the years to come.

In late May 1955, apparent stocks of tung oil totaled 4,900 tons. Of this quantity, approximately 1,100 tons were from the 1953 crop. Expectations are that all nuts from last year's harvest will be crushed before November 1, 1955, and that the carry-over at that time will be about 8,000 tons of oil. The Argentine tung oil position from May 25 until November 1, 1955, is estimated as follows:

	<u>Short tons</u>	
<u>Supply</u>		
Stocks 5/25/55	4,900	
Production 5/25 - 11/1	<u>6,600</u>	
Total supply		11,500
<u>Disappearance</u>		
Exports 5/1 - 11/1:		
To United States	2,200	
To other	<u>800</u>	
Domestic use	<u>500</u>	
Total disappearance		<u>3,500</u>
Estimated oil on hand 11/1		8,000

It is estimated that 17.4 million pounds (8,700 short tons) of tung oil have been imported from Argentina during November 1954 - April 1955. This is about 72 percent of the agreed maximum of 10,900 tons that may enter the United States from Argentina by October 31, 1955.

It is reported that there has been some interest in the purchase of Argentine tung oil for export to European destinations. Tung oil exports to all destinations reached 13,400 tons in 1954, probably a record for Argentina.

Oil mill crushing capacity and storage facilities have been increased in recent years. It is now estimated that crushing capacity is sufficient to permit crushing about 140,000 tons of nuts in a 12-month season, which would result in the production of approximately 22,000 tons of tung oil. Storage capacity also has been increased until it is now estimated that oil mills in the Misiones and adjacent Corrientes area can store 7,000-8,000 tons of oil. This storage capacity is more than sufficient to offset the two low-water months when shipping by river might be interfered with; consequently, crushing can be expected to continue at a steady rate throughout the crushing season. It is not again likely that the crop from a previous year will not have been fully crushed when a new crop becomes available. This should result in a regular supply movement in future years and less difficulty will be found in attempting to evaluate the rate of movement into export channels with the availabilities of tung oil in Argentina.

In addition to increased crushing capacity and storage facilities at oil mills in the production area, many of the mills are installing solvent processes and it is anticipated that the yield of oil is likely to be somewhat increased. At present, yields of oil vary from 10 to 17 percent, depending upon the condition of the nuts and the time of crushing in relation to the time of harvest.

Facilities for railroad transportation of tung oil from the producing area to Buenos Aires are limited. It is estimated that the maximum movement of tung oil by rail is in the neighborhood of 7,000 to 8,000 tons per year, leaving the balance of the oil to be transported by river boat. However, the river transport situation has also improved by the addition in recent years of tank barges which have a lower draft. Consequently, except for unusually low stages of the river, shipping can be almost continuous throughout the year and it is not anticipated that it will be necessary at any future time to stop production of oil for lack of storage space and transportation capacity. Storage capacity in Buenos Aires for Tung oil is relatively unlimited.

In Argentina, the Government completely controls the pricing of tung nuts and of tung oil. Tung nuts are priced on a basis of delivery at oil mills; tung oil is priced on a basis of delivery at Buenos Aires. The producer pays the cost of transportation of tung nuts to the mill and the oil mill pays the cost of transportation of the oil from the mill to storage or alongside ship at Buenos Aires.

Prices for tung nuts and tung oil are based on detailed cost studies made by the Government and, in general, the pricing policy is said to be for the purpose of assuring a reasonable return to the producer or to the operator of oil mills; based on their capital investment and adjusted annually according to the volume of production.

A local user must buy the oil from the Government at controlled prices, whereas an exporter must obtain the agreement of the Government to the proposed export, including approval of the foreign currency involved and the exchange rate at which sales are made.

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